

FISCAL NOTE

SB 3042 - HB 2873

March 22, 2004

SUMMARY OF BILL:

- Requires any student attending a publicly subsidized medical school in this state to enter into an agreement with the medical school in which the student agrees both to practice medicine in this state for a period of at least five years and to participate in the TennCare program, upon completion of such person's medical training, including a residency.
- Requires the student to repay the full value of the public subsidy of the student's medical education minus any costs actually paid by the student in tuition and fees if the student does not practice in Tennessee. If a student fulfills part of the five-year service agreement, the student would have to repay a prorated and reduced amount reflective of the time spent in Tennessee. Repayment would be made to the public medical school.
- Requires the student to register annually with the public medical school so that the school could monitor additional medical education and compliance with the agreement. The medical school would be responsible for reporting to the attorney general (AG) those students who fail to comply with the bill's requirements. The medical school would be required to report the failure to comply with the agreement to the board of medical examiners and, to the extent allowed by law, any other entity inquiring as to the student's record at the medical school. The AG would have the responsibility to undertake all appropriate and lawful enforcement actions to collect the value of the public subsidy. The Comptroller of the Treasury would be required to determine on an annual basis the value of the public subsidy for the medical education at the school.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact - To the extent students fail to comply with their agreement to practice in Tennessee for five years after their medical school completion, state revenues are expected to increase in future years (after residency) due to these students being required to repay any subsidy they may have received while attending medical school. Such increase in revenues cannot be determined, but is estimated to exceed \$1,000,000 beginning in 2007 and could exceed \$10,000,000 in later years once a full four years of subsidies are collected from each student who leaves Tennessee to practice medicine in another state.

Estimate assumes:

- approximately 45% of the medical school graduating class goes out of state after graduating medical school.
- a number of those students who are now leaving Tennessee would remain in Tennessee for at least five years to avoid repaying the state subsidy.
- there would be a number of medical students who would still leave the state because of the opportunities afforded them in other states.
- the state subsidy would not begin to be collected until 2007 since repayment is not required until the student fulfills the residency requirement.

For information purposes:

Average Number in a Graduating Class: 219

Average Number Leaving Tennessee (45%): 99

Average State Subsidy for Current Graduating Class to be Repaid by
Student: \$77,827

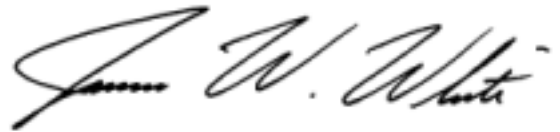
Average Annual Subsidy Each Year for 4 Years: \$311,308

Graduating Class Going Out-of-State (99 x \$311,308): \$30,819,492

This is the maximum amount that could be collected if those students currently leaving the state were required to repay the subsidy for four years of medical school.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director